

EN
ANNEX 1

ANNUAL WORK PROGRAMME FOR THE IMPLEMENTATION OF CUSTOMS 2020
PROGRAMME

1. INTRODUCTION

This is the first Annual Work Programme established under Regulation (EU) 1294/2013 of the European Parliament and of the Council establishing an action programme for customs in the European Union for the period 2014-2020 (Customs 2020) and repealing Decision No 624/2007/EC¹. It covers the period starting 1 January 2014 to 31 December 2014.

The programme is a tool that supports the shaping and implementation of the Union Customs Policy. The programme aims to successfully contributing to the realisation of the Europe 2020 Strategy for smart, sustainable and inclusive growth, namely by strengthening the functioning of the internal market.

In line with the Commission's strategy to maintain its balanced strategy for growth and jobs, the programme supports the following main priorities over the coming year, as identified in the 2014 Annual Growth Survey, issued in the context of the European Semester and adopted by the Commission:

1. Pursuing differentiated, growth-friendly fiscal consolidation;
2. Promoting growth and competitiveness for today and tomorrow;
3. Modernising public administration.

The programme focuses on actions that strengthen coordination between participating countries to improve and modernise the customs environment aiming for a more performing, robust and unified customs union, in particular in the following areas:

- Commission Communications on the state of the customs union and on risk management and supply chain security²;
- Union Customs Code³;
- Multi-annual Strategic Plan;
- Trade facilitation and security and safety measures;
- Customs infringements and sanctions;
- Intellectual Property Rights;

¹ OJ L347/29, 20.12.2013

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COM(2012) 793 final COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE on Customs Risk Management and Security of the Supply Chain

³ Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (OJ L 269, 10.10.2013, p. 1).

- Strategy for a joint approach to protect health, safety and the environment.

The programme respects the fundamental rights as enshrined in the Charter of Fundamental Rights of the European Union.

2. OBJECTIVES PURSUED AND EXPECTED OUTCOMES FOR 2014

The Customs 2020 Programme's Annual Work Programme 2014 implements the programme's **general** and **specific objective** (Article 5 of the Customs 2020 programme Regulation).

The general objective of the programme is to support the functioning and modernisation of the customs union in order to strengthen the internal market by means of cooperation between participating countries, their customs authorities and their officials.

The programme's financial support aims to achieve the Customs 2020 specific objectives to support customs authorities to protect the financial and economic interests of the Union and of the Member States, including the fight against fraud and the protection of intellectual property rights, to increase safety and security, protect citizens and the environment, to improve their administrative capacity of the customs authorities and to strengthen the competitiveness of European businesses. The specific objectives shall be achieved in particular by:

- computerisation;
- ensuring modern and harmonised approaches to customs procedures and controls;
- facilitating legitimate trade;
- reducing compliance costs and administrative burden;
- enhancing the functioning of the customs authorities.

The Annual Work Programme for 2014 consists of several **projects**. These projects are grouped in function of the specific objective area to which they will mainly contribute. Activities under the programme will be organised to support the achievement of the objectives of these projects. The realisation of all activities further to the projects is subject to availability of legal basis, budget and resources. The objectives, the projects and the non-exhaustive expected results are the following (in no particular priority order):

2.1. To protect the financial and economic interests of the Union and of the Member States

2.1.1. Implementation of legislation on customs debt

The available guidelines in this area cover the non-recovery procedure, the repayments and remission procedure (REM/REC). They need to be updated to reflect new developments a.o. in case law and to cover the matters of incurrence and extinction of the customs debt and of the appeal procedure in relation to decisions concerning customs debt.

Expected results and activities:

- Discrepancies in the implementation of relevant European Union legislation are identified.

- Areas where measures are to be taken are selected.
- REM/REC guidelines are updated.
- Recent European Union case-law and decisions adopted by the Commission are included in guidelines.

2.1.2. Collection of Traditional Own Resources (TOR)

The method for collecting own resources (customs duties) is determined by national provisions. The Commission carries out regular examinations of those provisions. The Member States are to reinforce their responsibility for the collection and to report any anomalies having a financial impact with respect to the collection.

Expected results and activities:

- information on national provisions on the collection of own resources (customs duties) are shared
- best practices on audit tools for internal audit services of MS' customs administrations are shared
- experience on efficient traditional own resources inspections on the subject of reliability of the A&B Accounts are shared

2.1.3. Harmonised application of the European Union's provisions concerning the Integrated Tariff of the European Union (TARIC)

The first results of the monitoring exercise on management of European Union tariff quotas and surveillance of goods have shown that errors in customs declarations are more frequent where TARIC measures are not applied in the validation rules of national clearance systems. Proper credibility checks with TARIC data on box 36, preferences codes, origin codes, commodity codes, tariff quota measures and order numbers need to be carried out to avoid wrong collection of due duties and to prevent granting preferences for releases for free circulation of goods that are not eligible to these preferences. To remedy this, problems and shortcomings need to be identified and solutions and recommendations issued. Training and awareness raising are also envisaged to enhance the uniform application of provisions on the Integrated Tariff.

Expected results and activities:

- Problem areas with the implementation of the TARIC3 system are identified.
- Shortcomings in the implementation of the related legislation are specified, variations in the application of TARIC measures are described.
- Proposals, recommendations are put forward to eliminate the discrepancies.
- Problem areas in the Customs Code in force and its implementing provisions are identified.
- Specific training needs are identified.

- Awareness is raised on the importance of the uniform application of TARIC measures is raised.

2.1.4. Administrative guidelines on the European Binding Tariff Information system and its operation (EBTI)

In 2004, the Commission, together with the Member States, elaborated administrative guidelines on the BTI-system (EBTI-3). The legal changes introduced by the Union Customs Code require substantial updates to these guidelines.

Expected results and activities:

- Subjects to be covered by the revised version of the administrative guidelines on EBTI and its operation are identified.
- A new set of administrative guidelines on EBTI is drafted, taking account of all relevant changes introduced by the Union Customs Code and the related Commission acts (delegated and implementing acts).
- Solutions for dealing with divergent views and appeals are provided.

2.1.5. Correct implementation of the preferential rules of origin

Based on their origin, a wide range of goods can benefit from preferential duties at importation into the European Union. However, to ensure fair trade and a proper functioning of preferential arrangements, it has to be monitored whether the underlying rules and principles are applied in a correct way. In addition, not all procedures with respect to rules of origin are detailed within either the customs legislation or the protocol on rules of origin. In order to have an approximation in the working methods amongst Member States, best working practices need to be identified and developed and addressed through guidelines.

Expected results and activities:

- Divergences and problem areas in the application of the rules of origin are identified.
- Key actions for further harmonisation are planned.
- Origin experts are familiarised with the renewed concepts (non-alteration rule, accounting segregation, etc.).
- Union positions in the revision of the rules of origin in the Pan-Euro-Mediterranean (PEM) Convention are prepared.
- Guidelines for the use of customs authorities on certain working methods and concepts with respect to rules of origin are provided.

2.1.6. Implementation of customs valuation

Due to the complexity of the legislation in force, the application of the Union customs valuation law is an area which carries risks, including risks of actual or potential incorrect application, with effects on Own Resources and application of the Common Commercial Policy. The correct application of customs valuation law

must provide equal treatment of economic operators and citizens and ensure a common approach to controls related to customs value. To achieve this, problems need to be identified, recommendations for improvements implemented and working methods adapted.

Expected results and activities:

- Variations in the administration and application of the relevant provisions are identified and common standards identified.
- Recommendations for improvements are made to the relevant bodies.

2.1.7. The European Union Customs Action Plan on Intellectual Property Rights (IPR)

The Council Resolution of 10 December 2012⁴ established a new European Union Action Plan aiming at coordinating the actions of Member States customs in fighting IPR infringements at the external borders. The implementation of the Action Plan is scheduled for the period of 2013-2017. The Commission will work together with the Member States in programme activities to implement actions identified in the action plan, such as a manual for right-holders, common approaches development, needs mapping for third and neighbouring countries, cooperation with China and Hong Kong.

Expected results and activities:

- A manual for right-holders filing applications for action is drafted.
- Countries implementing of the new Union Regulation are supported in understanding the legislation and in interpreting it in a uniform manner.
- The development of common approaches to risk management is launched.
- The European Union-China Action Plan and practical arrangements for cooperation with Hong Kong are executed.
- The information exchange processes with third countries are upgraded.
- Survey/mapping exercise on possible needs of technical assistance for capacity building to candidate and neighbouring countries is carried out.

2.1.8. Co-operation between customs administrations and tax authorities

The cooperation between customs and tax authorities (VAT and excise) in specific areas of mutual concern should be enhanced in order to fight against tax fraud. In the Communication on the future of VAT (COM/2011/851), the Commission noted that it "will initiate and facilitate initiatives for a stronger cooperation between tax and customs authorities". In its

⁴ Resolution on the European Union Customs Action Plan to combat intellectual property rights infringements (2013 to 2017)

Communication to the European Parliament and the Council on an action plan to strengthen the fight against tax fraud and tax evasion (COM(2012) 722final), the Commission calls for structured exchanges of information between the tax and customs administrations on the strategies to identify non-compliance. The European Court of Auditors also issued recommendations on the misuse of the customs 4200 procedure.

To support the cooperation between customs and tax administrations it is intended to use both the Customs 2020 and Fiscalis 2020 programmes in order to:

- share best practices and to identify areas where closer cooperation is required;
- support the improvement and sharing of administrative procedures in relation with the cooperation between customs and tax administrations;
- enhance the understanding and implementation of Directive 2008/118/EC, Regulation 389/2012 and the UCC, insofar as they are applicable to movements of excise goods;
- support the efficient exchange of information between administrations where excise goods are subject to customs procedures (export and exit, release for free circulation) by aligning the existing excise IT applications to the changes introduced by the Union Customs Code (UCC);
- develop and reinforce skills and competences of both tax and customs officials.

Expected results and activities:

- Fields where cooperation between customs and tax authorities is particularly important for the proper implementation of customs, excise and VAT legislation are identified;
- Best practices related to methods and tools used by Member States to analyse risk in the field of fraud related to VAT/Customs and regarding new trends of fraud in the field of VAT/Customs are identified;
- A series of guidelines to be approved by the Committee on Excise Duty and the Customs Code Committee concerning the application of Union law to excise goods in both areas is developed;
- Proposals for efficient methods to enhance the cooperation between customs and tax administration including information exchange are developed;
- Business process models are provided to describe the processes contained in legislation, to clarify and explain the legal base for excise and customs procedures: specification work on modelling of interface between EMCS and UCC version of Automatic Export System (AES) and national import systems.

2.2. To increase safety and security, and to protect citizens and the environment

2.2.1. Action Plan on customs risk management and security of the supply chain

In its Conclusions of 18 June 2013 on Strengthening the Security of the Supply Chain and Customs Risk Management, the Council invites the Commission to 'bring forward, in cooperation with the Member States, within a 12 month time frame, a

coherent strategy on risk management and supply chain security based on a step by step action plan and thorough cost benefit analyses with targets and timeframes, covering inter alia legal, procedural and IT aspects, and taking into account the evaluation of the Import Control System. For 2014, it is envisaged to finalise the strategy and the action plan which should be implemented according to the set priorities. This will require a.o. international cooperation as well as with trade.

Expected results and activities:

- The strategies and the action plan (including targets and timeframes) are finalised.

The implementation of the action plan is launched according to the adopted set of priorities.

2.2.2. Security and safety common risk criteria and standards (CRC)

Security and Safety risk analysis and related customs controls or other measures on all goods entering to or leaving from the Union for all modes of transport have to be implemented uniformly by all MS on the basis of common risk criteria and standards. Cooperation is required for their identification, implementation, evaluation and possible review.

Expected results and activities:

- CRC are identified and uniform standards for their application are established.
- CRC are evaluated and reviewed and new criteria are identified.

2.2.3. Pooling of Entry Summary Declaration (ENS) data

As part of the implementation of risk management and supply chain security strategy, the analysis of any needed Union level risk management capacities will include a pilot on the pooling of Entry Summary Declaration data. The pilot will be carried out with the support of voluntary Member States and will focus on data collection together with their analysis aiming at a more effective and efficient risk management, including the assessment of additional costs it may imply.

Expected results and activities:

- ENS data is pooled from some Member States with a view to analyse for risk assessment and general risk management purposes.
- The added value and capacities of risk analysis of common data is tested with some Member States.
- Recommendations based on the tests are established.

2.2.4. Air cargo security

Enhancing air cargo security requires specific action in the area of risk management. The assessment of the feasibility of providing pre-loading information for security risk analysis in the different air cargo business models, namely express, postal and traditional, is envisaged. This requires cooperation between Member States' customs administrations,

between them and the relevant business community and with other national bodies, and also with various Commission departments through the whole process.

Expected results and activities:

- The feasibility for European Union Customs services to receive and risk analyse data submitted by postal operators via standard message ITMATT (advanced electronic messages on mail packages) is tested.
- The use of CN 23 customs declaration form for security and fiscal clearance, and the link between postal item, receptacle, and conveyance information is analysed.
- The raw data approach (tested and confirmed for the Express Carrier model) is examined with the traditional business model.
- Protocols for aviation security referrals are drafted.
- Building on the results of pilots/studies, legislation, referral protocols (jointly with DG MOVE and DG HOME), business scenarios and Business Process Models are discussed, drafted and further elaborated in detailed functional requirements.

2.2.5. Common Priority Control Area actions (CPCA)

Common Priority Control Area actions are one of the core CRMF pillars, designed to ensure a harmonised and intensified risk based control by the Member States for a definitive period of time in different areas of high priority. An effective and coherent implementation of CPCA's requires supportive actions in terms of organisation, reporting and evaluation.

Expected results and activities:

- The risk criteria to be applied for the specific CPCA is developed.
- The Member States are briefed on the action to be applied (launching of the action).
- Problems encountered during the implementation are identified and analysed and proposal for solutions are put forward.
- Results of the risk based controls are communicated.

2.2.6. Convergence of controls and audits

The elaboration and update of common control and audit standards in various areas of customs controls is necessary to enhance the effectiveness and efficiency of customs controls and audits. This can be achieved through the setting up and updating of guides on the identified standards and by ensuring that the guides are understood and applied in the Member States.

Expected results and activities:

- The common customs control and audit standards in various areas of customs controls are elaborated and updated.
- The customs control and audit guides are updated with legislative references, hyperlinks, and further improvements are applied as appropriate.

- The updated guides are introduced to the customs officials of the Member States.

2.2.7. Operational working methods at the external border and in-depth controls

Common understanding of legal requirements and harmonised application of working methods stemming from the Union Customs Code and other legislative measures implemented by customs requires an intensive and systematic cooperation, exchange of information and sharing of best practices among the operational customs officials working for the protection of the European Union external borders (sea and waterways, land, air, including in-depth control). Eventually this should give rise to an equal level playing field amongst Member States' customs at the external borders. Member States without land or sea external borders have their role in the form of in-depth control in the protection of the European Union external borders.

Expected results and activities:

- Identified problems are shared.
- Solutions are analysed and proposed.
- Good practices (improving procedures, controls, risk information sharing) and the know-how on the use of control equipment (convergence and performance) are shared.
- Cooperation between external border posts protecting the European Union and the Member States interests are maintained.

2.2.8. Coordination of legislation and controls in areas of security and safety

Possible gaps, and at the same time unnecessary duplications in the audits performed by the different authorities are weakening the security or cause extra workload. This situation should be rectified especially in the area of the maritime security. Actions are required to map the shortcomings and identify the appropriate measures.

Expected results and activities:

- The different security programs (Authorised Economic Operator, Maritime security) are analysed and compared.
- Gaps that may weaken the security are identified.
- Overlaps creating unnecessary duplication in the audits performed by the different authorities are pinpointed.
- Any changes required (including legal ones) are prepared.

2.2.9. Customs detection technology

Modern customs administrations need the appropriate technology and expertise to detect a variety of illicit goods and in parallel secure and facilitate global supply chains. It is therefore envisaged to set up a network of customs detection technology experts, who can share information and best practices, with the aim of improving detection capability and performance standards of customs. The project also aims at supporting the identification of

benefits of improved detection capability on the supply chain. This project also requires exploring and defining the needs for new / improved (detection) technology and monitoring existing and new detection equipment.

Expected results and activities:

- Expert network to share best practices, seizures and trends is established.
- Specifications of various border detection equipment (that actually does what is required of it) are described.
- The possibilities to improve image interpretation for X-RAY operators are explored.
- The development of new technology that supports and facilitates customs controls is monitored.
- Structural exchange of information between customs technology experts on technology and innovation is established.
- New and improved technology needs are identified.

2.2.10. Harmonised implementation of the Cash Controls Regulation⁵

The harmonised implementation of the Cash Control Regulation requires the elaboration of uniform approaches and streamlined implementation amongst Member States concerning the control of cash entering or leaving the European Union. This harmonised implementation can be enhanced through common approaches, guidelines, communication and awareness raising activities.

Expected results and activities:

- Common approaches on the interpretation and implementation of the Cash Control Regulation are laid down, in particular on information exchange, post and freight and European Union supranational assessment.
- Up-to-date handbook of guidelines on cash controls is available.
- Statistics on cash control results are shared.
- Communication and awareness-raising activities are carried out addressing the wider public.
- Positions to be represented at the Financial Action Task Force (FATF) and other international meetings are coordinated.

2.2.11. Customs actions to protect health, cultural heritage, the environment and nature

Customs has an important enforcement role in the protection of health and safety, the environment and cultural heritage. Consumers, civil society and national authorities are demanding stricter customs controls of non-fiscal aspects. This has been recognized and

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Regulation (EC) No 1889/2005 of the European Parliament and of the Council of 26 October 2005 on controls of cash entering or leaving the Community

has led to a new approach in customs focusing more on these issues which should however be harmonised. Issuing new and adjusting existing guidelines, establish common risk criteria, creating a “toolbox”, online services and informing the business community and the wider public are all options to realise this project.

Expected results and activities:

- The “Guidelines for import controls in the area of product safety and compliance” in MSs and Candidate Countries are explained and its usage is demonstrated.
- Specific part of the guidelines for import controls in the area of product safety and compliance is extended to other products.
- Set of common risk criteria is established.
- Data collection parameters for European Union wide collection of control data are laid down.
- The business community as well as to the public is informed about various developments and awareness is raised on the rules.
- The feasibility of introducing an online service for issuing export licenses for cultural goods is assessed.
- "Tool Box" providing with template elements for legislation relating to the controls of imports and exports aiming at the protection of health, safety and the environment is created. Guidelines for customs controls in the area of shipments of waste are provided as the follow up of the recommendations of the study on exports of waste to ASEM countries⁶.
- Guidelines for customs controls in the area of Forest Law Enforcement, Governance and Trade (FLEGT) are provided.

2.2.12. Customs control of drug precursors at the European Union external border

Customs is enforcing Council Regulation (EC) No. 111/2005⁷ on the control of international trade in drug precursors. It is important to ensure a proper implementation of the Regulation, harmonised control approaches and develop operational tools for customs officers at the border. This requires information sharing, identification of best practices and common risk analysis approaches to be developed.

Expected results and activities:

- Information on problems are exchanged.
- Best practices and solutions are shared.

⁶ ASEM is an interregional forum which consists of 27 Member States (Croatia will join most likely in the course of 2014) of the European Union, the European Commission, the 10 members of ASEAN, the ASEAN Secretariat, China, Japan, and the Republic of Korea as of 2008,[1] India, Mongolia, and Pakistan, Australia, Russia and New Zealand, Bangladesh, Norway, and Switzerland.

⁷ [Council Regulation \(EC\) No 111/2005 of 22 December 2004 laying down rules for the monitoring of trade between the Community and third countries in drug precursors \(OJ L 22, 26.1.2005, p. 1\).](#)

- Common approaches on customs controls for officers in ports and airports are developed.
- Common risk analysis approaches are established.
- Common activities on targeting and controlling precursors are carried out.

2.3. To improve the administrative capacity of the customs authorities

2.3.1. Customs governance reform

Following-up on the Commission Communication of 21 December 2012 on the state of the customs union⁸, the options for reforming the surpassed governance of the European customs union need to be investigated and agreed options eventually be carried out. This requires in particular establishing a blueprint of the governance reform as well as an implementation plan. *Expected results and activities:*

- Options for the governance reform of the European customs union are identified.
- All Member States and other stakeholders are informed about the results.
- Blueprint of the governance reform is drafted.
- Implementation plan for the governance reform is outlined.

2.3.2. Operational and organisational customs processes

In view of the budgetary and financial crisis in the European Union, the current economic climate has forced government services to become more efficient and effective. This calls upon actions to study current and possible solutions to improve the structures in which customs business is performed. It is envisaged to support Member States who wish to improve the performance of the customs administration in its different roles in the supply chain of goods.

Expected results and activities:

- Gaps and needs in terms of customs modernisation are identified.
- Recommendations and guidance are formulated to increase the performance, effectiveness and efficiency of the customs administration
- An action plan or roadmap is created for the implementation of the suggested improvements.

2.3.3. Union Customs Code (UCC)

The Union Customs Code will constitute as from May 2016 the new comprehensive customs legal framework for the Union. The preparation of its application will imply involving Member States' and informing trade experts through specific or joint actions other than the formal ones needed to secure the adoption of the Commission related acts. Programme activities can help prepare and thus facilitate the formal adoption processes.

Expected results and activities:

- The adoption procedure of the future Commission delegated and implementing acts are facilitated by informal preparatory work.
- Various target audiences are informed about the developments.
- The milestones for monitoring the implementation are laid down.
- Training needs linked to the Union Customs Code are analysed.

2.3.4. Management and implementation of the Multi-annual Strategic Plan (MASP)

The Multi-Annual Strategic Plan (MASP) is a management and planning tool, drawn up and regularly reviewed by the Commission in partnership with Member States. It sets down the strategic framework and the milestones to implement all electronic customs requirements as defined in European Union legislation and international agreements, including a complete overview and planning of all future customs projects with envisaged Information Technology (IT) requirements. The MASP ensures the management and implementation of the IT projects in an effective and coherent way. It constitutes the heart of the Union Customs Code work programme relating to the development and deployment of the electronic systems necessary for the application of the Union Customs Code. The 2014 related tasks and milestones identified herein need to be implemented. The Multi-annual Strategic Plan implementation will be done in co-operation with the Customs Code Committee and the so-called Work Programme.

Expected results and activities:

- The MASP is reviewed and updated.
- The implementation of tasks set for 2014 in the MASP are coordinated and monitored.
- The implementation of tasks set for 2014 is supported.

2.3.5. Business analysis

The implementation of the various policy initiatives and the Union Customs Code has to be well prepared and coordinated with all stakeholders in view of establishing by supporting the appropriate analytical, legislative and operational instruments (including functional and IT technical). In this context, reference could be made to side with analytical, and re-engineering and planning instruments such as business case documents, and business process modelling (BPM) and work programmes. This preparatory work requires defining business scenarios and cases, more advanced versions of BPM's (levels 2.3 and 4) and establishing methodology, guidelines and support.

Expected results and activities:

- Definition of business scenarios and business cases are established (including feasibility studies, cost-benefit analysis, architectural and capability models to identify impact and increase performance.

- BPMs (representing requirements to move from an 'AS IS' versus a 'TO BE' situation), in particular Level 2, 3 and 4 BPMs to support the implementation of the UCC Regulation and the Supply Chain Security and Risk Management Action Plan are created.
- Methodology, user guidelines and support are established.

2.3.6. *Specific classification and Combined Nomenclature issues*

Many Member States encounter difficulties when classifying certain types of goods. It is therefore necessary to assist the customs administrations to "act as one" by preparing appropriate draft measures for the classification of goods in the European Union Tariff. Customs participate also in the implementation of various European Union policies which need usually the classification of the products in the tariff. This requires a lot of in depth technical examination and specialised knowledge.

Expected results and activities:

- The current situation in Member States is examined.
- The classification issues encountered in practice are determined.
- New products are studied and analysed.
- Legal measures on the classification of the products concerned (Combined Nomenclature Explanatory Notes and Annex I to Council Regulation (EEC) No 2658/87⁹) or amendments to that Regulation are drafted.
- Proposals for the improvement and modernization of the Harmonised System/Combined Nomenclature nomenclatures are put forward.
- Classification of products for various Commission services is provided (mainly linked to legal measures on dangerous, anti-dumping, dual use, etc. goods).
- European Customs Inventory of Chemical Substances (ECICS) database is updated and enriched.

2.3.7. *European Customs Laboratories*

European customs laboratories work together to coordinate their activities and share their expertise. This requires networking (European Union and worldwide), benchmarking, updating of databases, cooperation with other stakeholders and information initiatives.

Expected results and activities:

- The Customs Laboratories European Network (CLEN) is maintained.
- The practises and methods used by the laboratories to reach harmonisation are exchanged.
- Best working practices and diffusion to the laboratories are identified, developed.

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Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ L 256, 7.9.1987, p. 1).

- Collaboration between customs laboratories and customs administrations, other sectors of the European Commission, and the industry are maintained.
- The ILIADe (directory of analytical methods), and SAMANCTA (Sampling Manual for Customs and Tax Authorities) databases are updated and enriched.
- Information on the activities of the customs laboratories and of the Customs Laboratories European Network (CLEN) is provided for the wider public.
- Third countries' customs laboratories are involved in the work.

2.3.8. *Pooling of transit expertise*

Transit is a customs procedure allowing goods - without payment of duties - to move under customs supervision within the European Union or between the European Union and third countries in the context of international agreements. Its proper and uniform implementation in the daily business of customs authorities implies creating the best conditions for sharing information, expertise and best practices. Cooperation between the authorities is essential.

Expected results and activities:

- Practices where the rules are not applied in a harmonised manner are identified.
- Recommendations for more efficient and effective implementation of transit are put forward.
- Information on good practices is shared.

2.3.9. *Preparation of new contracting parties to the Common Transit Convention*

Before new contracting parties are invited to join the Common Transit Convention, they are prepared for this accession: they must ensure and it must be checked that they comply with all the legal and technical obligations.

Expected results and activities:

- Guidance is provided on the concept and practical implementation of the Common Transit Convention.
- Necessary legal and technical adaptations are prepared.
- Contribution to the assessment of compliance of the new contracting parties with relevant legal and technical obligations is provided.

2.3.10. *European Union Customs Risk Management System (CRMS)*

The Customs Risk Management System is the backbone of the Community Risk Management Framework (CRMF). It allows the exchange of risk information amongst the Member States, between them and the Commission. The exchange of risk analysis results is part of the risk targeting and mitigation process for pre-arrival and pre-departure security and safety risk analysis, and the implementation of Union Common Risk Criteria (CRC) as

part of the Common Priority Control Area module. The system has to provide a high-level quality and performance service for the requirements stemming from the CRMF (current and future). The CRMS thus needs to be monitored, managed effectively, evaluated and adjusted in light of the future requirements to be defined in line with the agreed strategy on risk management and supply chain security and in close co-operation with the Member States. The effective use of the system will benefit from a network of national risk centres that can exchange information and identify best practices, all this building up to a common risk management tool, meeting the set requirements (Dublin declaration).

Expected results and activities:

- A network of national risk centres is created (main contact point for CRMS) who can exchange information on problems encountered and best practices on the use of risk information at central level (CRMS network).
- Emerging problems concerning on the exchange of risk information for risk management purposes are pinpointed.
- Solutions for problem areas related to the exchange of risk information for risk management purposes are suggested.
- Guidance on the exchange of risk information for risk management purposes is provided.
- Best practices on the exchange of risk information for risk management purposes are established.
- The system fitting the new requirements from the risk management policy (Dublin declaration) is established.
- Crisis management network is maintained and is ready for mobilisation.

2.3.11. Data integration and harmonisation

The modernisation of customs procedures adopted in Union Customs Code and eCustoms initiatives requires amending and redefining data requirements for customs declarations and establishing common data set for customs decisions. This needs to be done in cooperation with the trade community.

Expected results and activities:

- Union Customs Code and eCustoms related systems in terms of data requirements are reviewed.
- Customs and the trading community are provided with the necessary set of information requirements common throughout the Union.

2.3.12. Cooperation between customs administrations and border guards

Border controls need to be more effective and efficient. The implementation of the guidelines for the cooperation between border guards and customs administrations working at the external borders will serve this purpose. The application of the guidelines should be monitored and explained and best practices exchanged.

Expected results and activities:

- The guidelines are introduced and explained to the concerned customs officers.
- The application of the guidelines is monitored.

2.3.13. Customs cooperation with enlargement countries

In line with the enlargement policy, the implementation of the Stabilisation and Association Agreement (SAA) and the Dubrovnik declaration, the Commission intends to further support the enlargement countries with activities in various areas. It is envisaged to improve the knowledge and knowhow of enlargement countries and cover in general customs legislation and procedures and in particular the customs blueprints, customs laboratories, security and safety aspects, Intellectual Property Rights enforcement.

Expected results and activities:

- Customs blueprints are updated.
- Administrative capacity building support for enlargement countries is monitored and coordinated.
- Guidance is provided in the area of IT management and development.

2.3.14. European Union Competency Framework (EU CFW) for customs

In support of more uniformity and increased efficiency of customs operations throughout the European Union, the EU CFW for customs, established in 2013, sets out a consensus view of knowledge, skills and behaviours required by customs professionals in the European Union. In 2014, a coherent and wide-spread national implementation in the public administrations as well as the private sector, is envisaged through joint efforts and common support in order to bring the expected benefits.

Expected results and activities:

- Implementation of European Union competence framework (public sector) is launched.
- EU CFW for the customs profession - private sector version is finalised.
- Awareness is raised in Member States administrations and trade for the necessity to harmonize and elevate performance of customs staff.

2.3.15. Customs administration training capacity building

A key pillar of achieving harmonised performance and implementation of legislative measures is training. It is important that the customs training and human resource capacities are able to provide the necessary support in achieving the goal of harmonised performance and implementation. This should be achieved through

- a commonly agreed training work plan,
- common European Union standards and curricula,
- tools and methodologies for common training in the field of customs,
- the sharing of training courses (content, materials, etc.)

- setting up virtual communities of practice around specific subject areas to exchange knowledge (esp. in the area of x-ray scanner image reading, passenger control profiling and design rights).

Expected results and activities:

- Commonly agreed annual training work plan is elaborated.
- Common European Union standard/curricula is established.
- Accreditation process is established to accredit courses meeting the European Union standards.
- Established and proven best practices and learning/training methodologies are shared.
- Platform for virtual communities of practice around specific subject areas is provided and used to exchange knowledge (esp. in the area of x-ray scanner image reading, passenger control profiling and design rights).

2.4. To strengthen the competitiveness of European businesses.

2.4.1. Future Customs Initiative

In line with key strategic documents on the customs union and its development, initiatives are to be launched with the aim to contribute to the proper functioning and further development of the customs union. Setting up a framework for Union-customs compliance improvements, mapping of client segmentation models and the implementation of a full Systems Based Approach, including the exchange of best practices in particular is envisaged for 2014.

Expected results and activities:

- The compliance concept is analysed and clarified.
- Framework for Union-customs compliance improvements are identified.
- Results are benchmarked and best practices are identified.
- Client segmentation models are mapped.
- Complete System Based Approach, with a full waiver, is designed.

2.4.2. Customs Union Performance Measurement

In line with key strategic documents on the customs union and its development, a system of performance measurement for the customs union needs to be established and maintained which should contribute to the proper functioning and further development of the customs union. This project will include follow-up, reporting and communication activities.

Expected results and activities:

- The performance measurement for the customs union is established and maintained (including the follow up to the measurement of results).
- Strategic and analytical reports are prepared and published for the attention of customs policy makers (particularly for the Customs Policy Group).
- Key figures are communicated to external stakeholders (in non-sensitive areas).

2.4.3. *Monitoring the application of European Union legislation*

Union customs law needs to be correctly implemented at national level. Obtaining the uniform application of European Union law will be enhanced and supported by providing a proper management framework for the monitoring activity in cooperation and in consultation with the Member States requiring a.o. strategic planning of monitoring, reviewing of monitoring guidelines, exchanging information on best practices, reporting and follow-up. The envisaged areas to be monitored for 2014 are:

- REM/REC (Repayment, remission and recovery of duties);
- TARIC (Integrated Tariff of the European Union);
- Customs valuation;

Expected results and activities:

- Annual monitoring plan is established.
- Monitoring guidelines are reviewed.
- Overview of monitoring visit reports and recommendations is prepared.
- Annual monitoring reports are presented to the Customs Policy Group.
- Follow-up of the results of the monitoring visits are monitored.

2.4.4. *The future of the Decision No 70/2008/EC of the European Parliament and of the Council*¹⁰

The revision of the eCustoms Decision is needed in order to ensure its relevance to the developments in the area of electronic customs and overall customs legislation. The Commission and Member States will work together in programme activities to prepare, inform and communicate for the purpose of this revision.

Expected results and activities:

- The possible eCustoms upgrade elements and related requirements are analysed and established.

¹⁰

Decision No 70/2008 of the European Parliament and of the Council of 15 January 2008 on a paperless environment for customs and trade (OJ L 23, 26.1.2008, p. 21).

- Communication actions to relevant stakeholders (e.g. Member States and trade) are designed and carried out.
- Consultation of stakeholders via tools like Eurobarometer is designed.

2.4.5. Customs infringements and sanctions

The future Commission proposal on a Union legal framework on customs infringements and sanctions may imply involving Member States and trade experts through supportive actions other than the ones being part of the legislative procedure.

Expected results and activities:

- Information on the proposal and its implication for Member States and economic operators are provided to the various target audiences.

2.4.6. Simplified procedures (SP) for customs declarations, including single authorisations for simplified procedures (SASP)

The lodgement of customs declarations using simplified procedures is a major instrument of trade facilitation that deserves common understanding and uniform application, to ensure equal access and use by European Union exporters and importers and to ensure appropriate measures like control and enforcement by customs authorities to safeguard the proper application of procedures, also in line with the risk management principles.

Expected results and activities:

- Best practices for a correct and uniform application and enforcement of simplified procedures (including SASP) are shared.

2.4.7. Customs seals

Customs seals are means to identify goods or consignments and contribute to their customs supervision, in particular where they move under a transit procedure. A high degree of technical expertise is needed to choose the best products and apply them correctly and in line with evolving technology and standards. This requires in particular actions to improve various aspects of the methodology used.

Expected results and activities:

- The methods of sealing are analysed.
- Criteria for the selection of appropriate seals are compiled.
- The most appropriate methods of sealing and identification are selected.
- Methods of approving seals are laid down.

2.4.8. *Transit related issues of the eManifest (status and simplified procedures)*

A harmonised eManifest is being developed as part of the commitment by the Commission in Single Market Act II to further facilitate the movement of Union goods transported by sea in the internal market (Bluebelt). Relevant data needs to be identified and an implementing act prepared.

Expected results and activities:

- Transit-related data to be included in the eManifest is identified.
- Use of the eManifest for transit and proof of Union customs status is described.
- The Commission implementing regulation is drafted.

2.4.9. *The Registered Exporters System (REX)*

Exporters both in Generalised System of Preferences (GSP) beneficiary countries (BCs) and in the Union should be registered with the competent authorities. This is in order to enable them to certify the origin of goods by themselves within the framework of the European Union GSP rules of origin. The realisation of this project requires for 2014 the finalisation of the functional specifications, the initiation of the technical specifications, preparatory work for the adoption of legal measures, close collaboration with beneficiary countries to prepare Memoranda of Understanding (MoU) and keeping Member States informed of the project's progress.

Expected results and activities:

- Functional specifications are finalised.
- Technical and trader specifications are initiated.
- Relevant legal measures are drafted.
- Data protection legislation compliance is established.
- MoU negotiations with beneficiary countries are launched.
- MSs are informed about the overall scheduling of implementation.

2.4.10. *Authorised Economic Operators (AEO)*

The status of authorised economic operator granted by one Member State is recognised by the other Member States and under Mutual Recognition Agreements (MRA), by other third countries. Regular monitoring to maintain the correct implementation and functioning of Authorised Economic Operator is needed, together with the sharing of best practices and guidance. The conclusion of new Mutual Recognition Agreements needs also to be supported.

Expected results and activities:

- Experience is shared between Member States on practical solutions related to the implementation of the Authorised Economic Operator concept.

- AEO-related practical implementation know-how is established.
- Guidance in the context of Mutual Recognition Agreements is provided to Member States.
- Mutual Recognition Agreement negotiation processes are supported.
- The Mutual Recognition Agreement implementations are analysed and the results are communicated to the relevant parties.

2.4.11. Operational supply chain risk management and analysis

In line with the Commission Communication C (2012) 793 of 8. January 2013, and Council Conclusions on Strengthening the Security of the Supply Chain and Customs Risk Management (Doc 8761/3/13 REV 3) of 18. June 2013, the proper functioning of the CRMF requires strengthened operational co-operation and co-ordination and improved framework capacity to manage supply chain risks by detecting and addressing risks and accelerating legitimate trade movements. For this purpose, common data needs to be analysed, new common risk criteria established including their monitoring and evaluation, all this leading to streamlined controls carried out at the appropriate level of the supply chain. Cooperation with other authorities in an international context and with the business community is also envisaged.

Expected results and activities:

- Analysis of common data for risk management purposes is introduced.
- New common risk criteria and standards are established.
- Monitoring and evaluation system of the implementation and review of the common risk criteria and standards are introduced.
- New risk management and supply chain security working methods, techniques and technologies are analysed.
- Operational co-operation and exchange of information with other authorities, internationally and with business community is carried out.

2.4.12. Smart and Secure Trade Lanes (SSTL)

The objective of SSTL is to strengthen end-to-end supply chain security based on multi-layered risk management. Controls performed at export are based on joint risk rules, allowing customs to better target dangerous traffic at the beginning of the supply chain. Thus, safe consignments can be identified and trade facilitation benefits can be provided to legitimate trade. For 2014 it is envisaged to strengthen and/or complement today's advance data submission and IT mechanisms, taking account of the existing legal and IT context, to make the SSTL trade lane concept "future proof based on a sustainable data communication". Refining the SSTL concept requires dealing with its geographical coverage (China, Hong Kong...), trader participation, the development of data exchange tools, inclusion of transport modes and the development of joint risk rules.

Expected results and activities:

- New sustainable and future-proof data exchange tool/mechanism that can handle realistic volumes and SSTL are identified and developed.
- The cooperation in the area of risk management with Chinese customs authorities is maintained.
- The trade lane concept is refined.
- The geographical coverage is extended to Hong Kong and Spain.
- Train and air transport modes are included and/or further developed.
- Data exchange needs and suitable implementation options are identified.
- Joint risk rules are developed on waste and Intellectual Property Rights and other issues of mutual concern.

2.4.13. Development, operation and maintenance of the existing European Information Systems (EIS)

Continuous operational support to existing Trans-European Customs Information Systems is required to ensure that customs procedures are performed in the least time possible, enabling better customs clearance times at the European Union borders. Such operational support translates into a number of specific projects.

Expected results and activities:

- The continuity, integrity and availability of the existing customs IT systems are monitored.
- The corrective maintenance and the evolution of the existing customs IT systems is carried out.
- The applications are technically up-to-date.
- The upcoming challenges of the Union Customs Code are measured and forecasted.
- The European Information Systems are available.

2.4.14. Horizontal support to the European Information Systems (EIS) - Management of IT services supply

The use of standards and best practices, including for the security aspects of the development, deployment and operations of the EIS for customs, needs to be further enhanced. This requires IT systems to be delivered on time and in operation according to agreed level of service, a reinforced IT security, with identified re-usable services and a defined common architectural and security framework.

Expected results and activities:

- IT systems are delivered on time and in operation according to agreed level of service and security;
- Re-usable services are identified;
- Common architectural and security framework is defined.

2.4.15. Horizontal support to the European Information Systems (EIS) - Customs IT architecture, governance and benchmarking

Currently, the customs European Information Systems (EIS) are hosted within data centres and facilities provided by DG DIGIT. DG TAXUD is making an effort to centralise all customs EIS within its own data centres and provide support facilities that meet the specific needs of customs within the Member States. For this purpose, the operational environment with active back-up facilities needs to be completed, continuous operations and support of EIS to be performed, a set of coherent processes supported by automated workflows to be implemented, a benchmarking report to be completed and the management of data in the customs EIS re-engineered.

Expected results and activities:

- Operational environment with active back-up facilities is completed;
- Continuous operations and support of EIS are performed;
- Set of coherent processes supported by automated workflows is implemented;
- Benchmarking report is completed;
- Management of data in the customs EIS is re-engineered.

2.4.16. Horizontal support to the European Information Systems (EIS) - Collaboration methods for Union component

The IT Strategy proposed by the Commission (as defined in the Multi-annual Strategic Plan) points a new direction that can help address certain issues. Collaboration among Member States and between Member States and Commission is one of the key principles of this strategy. It is envisaged to map the collaborative approaches to the development of new European Information Systems with a view to the development, operation and maintenance of Union components.

Expected results and activities:

- Collaborative approaches to the development of new IT systems for possible common implementation by national administrations are mapped.
- Recommendations for best collaboration practices are established.
- List of Union components resulting from collaboration is created and maintained.

2.4.17. IT development, operations, consultancy and technical assistance for the relation with 3rd countries and international organisations

The collaboration with 3rd countries and international organisations in the area of customs is taking a new perspective. The importance of sharing information to facilitate trade and customs processes is becoming more evident with the globalisation of trade. In this context it is envisaged to share information with third countries, provide support to accession countries and to the preparation of new agreements and arrangements. The project

includes the Union's contribution to the Globally Networked Customs Concept, which is the first building block of the customs in the 21st century vision approved by the World Customs Organisation Council in June 2008 and aims at a standardized way for customs authorities to exchange information. The European Union, as a member of the World Customs Organisation, undertakes to take the necessary steps to prepare for complying with this worldwide concept.

Expected results and activities:

- Information is shared with 3rd countries such as Japan, United States of America, China, Switzerland, the eastern neighbours, etc.
- Support in the preparation of new agreements, conventions and arrangements is provided.
- Union contribution to the definition of the Globally Networked Customs standards is established.
- Union support to the definition of standard utility blocks is provided.
- Union contribution to the study on global trader identifier is coordinated and established.

2.4.18. Customs cooperation with the eastern neighbours

It is envisaged for 2014 to pursue customs cooperation with the Eastern Partnership countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine) and Russia and thus reinforce strategic frameworks for customs cooperation.

Expected results and activities:

- The establishment and implementation of strategic frameworks for customs cooperation with eastern neighbouring countries are monitored and coordinated.
- Action plans (roadmaps) for the implementation of strategic frameworks are established and updated.

3. BUDGETARY IMPLEMENTATION: CUSTOMS 2020 (BUDGET LINE 140201)

The total 2014 indicative amount for the budget line is EUR 66 293 000¹¹.

The operations are divided into the following groups of eligible actions:

- European Information Systems building: total amount foreseen: EUR 56 300 000;
- Joint actions: total amount foreseen: EUR 8 493 000;
- Common training activities: total amount foreseen: EUR 1 500 000

¹¹

The total amount of appropriations may be higher when using foreseen financial contributions from candidate and potential candidate countries participating in Customs 2020 programme. The estimated amount for 2014 is EUR 845 000.

3.1. Eligible actions

3.1.1. European information systems building

European Information Systems building: the development, maintenance, operation, and quality control of Union components of the European Information Systems with a view to ensure interconnecting customs authorities.

Total indicative amount is EUR 56 300 000 and is divided as follows:

- CCN/CSI operations (Common Systems Interface): EUR 10 400 000;
- Customs Development: EUR 19 517 000;
- Customs Support: EUR 21 183 000;
- Quality control for all customs IT systems: EUR 5 200 000.

3.1.2. Joint Actions

Types of joint actions: seminars, workshops, project groups, , working visits, monitoring activities, expert teams, customs administration capacity building and supporting actions, studies and jointly developed communication actions and any other activity in support of the general, specific and operational objectives carried out by national administrations or the Commission in accordance with Article 7 of the Customs 2020 Regulation.

Total indicative amount is EUR 8 493 000 and is divided as follows:

- Total indicative amount of the grant: EUR 5 993 000,
- Total indicative amount for public procurement: EUR 2 300 000,
- Total indicative amount for the reimbursement of external experts: EUR 200 000¹².

3.1.3. Common training activities

Common training activities: the development and maintenance of training modules and where appropriate, the supply of the necessary infrastructure and tools for common e-learning in the field of customs.

Total indicative amount: EUR 1 500 000.

3.2. Operational implementation requirements

The Commission will assess the performance of the programme management regularly, as follows:

- internally, based on the programme management related indicators set-out in the programme performance measurement framework, and
- externally, during the programme mid-term and final evaluation exercises, carried-out under Article 17 of the Customs 2020 Regulation.

¹²

The reimbursement of travel and living expenses of experts invited by the Commission to the joint actions in accordance with Article 4 of Customs 2020 Regulation. .

The Commission will assess the proposed activities organised under the programme on the basis of the following operational implementation requirements:

Nature of activity

The proposed activities must be part of the activities provided for by Article 7 of the Customs 2020 Regulation..

Relevance

In terms of relevance, the proposed activities must be of value added to the customs policy as outlined at Union level and have an impact towards achieving the overall objective of the programme. They must also be complementary to past, present and future activities set up in the field. Moreover, the proposed activities must have a European dimension in that their expected outcomes should be beneficial to all participating countries or to at least two participating countries where the subject area is more targeted.

Conformity

Activities must match the projects identified in this document and in the relevant Union strategic documents and/or action plans. Activities must demonstrate that their objectives reflect clearly identified need for action according to the Union's policy priorities in the field of customs and their European added value.

Quality

The Commission will assess the proposed activities with regard to:

- their organisation, presentation, methodology, expertise, expected results and envisaged dissemination of outcomes, and
- the appropriateness of the activity to attain the desired results.

Value for money

The Commission will assess the amount of requested financial support in terms of:

- its appropriateness as to the expected results,
- the availability of budgetary resources and
- overall cost effectiveness and value for money.

3.3. Information concerning grants for Customs 2020 (budget line 140201)

The total indicative amount of the grant is EUR 5 993 000. The grant will be carried out by means of a grant agreement for an action with multiple beneficiaries.

Under Article 190(1)(d) of the Rules of Application, grants may be awarded without a call for proposals to bodies identified by a basic act, within the meaning of Article 54 of Regulation (EU, Euratom) No 966/2012, as beneficiaries of a grant.

The grant is expected to be awarded in the 1st or 2nd quarter of 2014.

The grant is awarded on the basis of the following criteria

Eligibility criteria:

Under Article 3 of Customs 2020 Regulation, the beneficiaries of the grants will be the customs administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3 (2) of the Customs 2020 Regulation.

The proposed activities must be part of the eligible actions listed in Article 7 of the Customs 2020 Regulation, except the activities listed in:

- Article 7(a)(v,vii, viii) meaning: expert teams, studies, communication projects,
- Article 7(b) meaning European Information Systems and
- Article 7(c) meaning common training actions.

Selection criteria:

Under Article 131.3 of the revised Financial Regulation, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public administrations

Award criteria:

- The grant will be awarded based on its relevance and cost-efficiency for achieving the objectives and expected results of the projects listed in this document.

Description of the grant

The grant will take the form of a combination of:

Reimbursement of the eligible costs actually incurred by the beneficiaries for the following items:

- a) travel costs of their delegates up to 100%;
- b) accommodation costs of their delegates up to 100%, up to a maximum of a given amount pre-defined per country;
- c) costs linked to the organization of events in the framework of a given joint action up to up to 100%
- d) direct -staff costs, up to 50%, for officials participating as expert in eligible action under Article 7/ (a) vi) " customs administration capacity building and supporting actions" of the Customs 2020 Regulation.

- Reimbursement on the basis of unit costs for daily allowances for national delegates.

The amounts to be used for (b) and the second bullet point above are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission in force at the moment of the signature of the grant agreement. Both lists of rates shall be annexed to the grant agreement.

Moreover, the national administrations put their financial and human resources at the disposal of both the organization and the participation in the above-mentioned events. The corresponding administrative expenditure, staff and equipment costs, including the salary costs of personnel are covered by national administrations, in compliance with the co-financing principle. However, partial reimbursement of direct staff costs can apply for eligible actions under Article 7 (a) vi) of the Customs 2020 Regulation.

3.4. Information concerning public procurement for Custom 2020 (budget line 140201) *Information about contracts to be signed under 2014 appropriations*

The eligible actions will be carried out by means of service procurement contracts.

To this end, it is estimated to sign about 50 specific contracts for the total indicative amount of EUR 60 100 000¹³ under existing or new multi-annual framework contracts.

Information on new tender procedures for the year 2014

One new tender procedure expected to be launched in 2014 in view of concluding multi-annual framework contract:

- Provision of IT service linked to IFPUG (International Function Point Users' Group) methodology, mainly benchmarking of developments using IFPUG methodology and corresponding training and certification. Estimated publication of the procurement procedure: 1st quarter of 2014. The budget for this contract will be divided between the programmes Customs 2020 and Fiscalis 2020 (estimated ratio 60% Customs 2020, 40% Fiscalis 2020). The indicative amount of the framework contract will be EUR 400 000 with a maximum duration of 4 years.

¹³ The specific contracts are usually shared with budget line 14.0301 Fiscalis 2020 (see 3.4. in annex II). Thereby the actual value of the specific contracts will be higher.

ANNEX 2

ANNUAL WORK PROGRAMME FOR THE IMPLEMENTATION OF FISCALIS 2020 PROGRAMME

1. INTRODUCTION

This is the first Annual Work Programme established under Regulation (EU) No 1286/2013 of the European Parliament and of the Council establishing an action programme to improve the operation of taxation systems in the European Union for the period 2014-2020 (Fiscalis 2020) and repealing Decision No 1482/2007/EC¹⁴ (Fiscalis 2020 Regulation). It covers the period starting 1 January 2014 to 31 December 2014.

The programme is a tool which supports and implements the overall Union tax policy. The programme aims to successfully contributing to the Europe 2020 Strategy for smart, sustainable and inclusive growth by strengthening the functioning of the Internal Market.

In line with the Commission's strategy to maintain its balanced strategy for growth and jobs, the programme supports the following main priorities over the coming year, as identified in the 2014 Annual Growth Survey, issued in the context of the European Semester and adopted by the Commission:

1. Pursuing differentiated, growth-friendly fiscal consolidation;
2. Promoting growth and competitiveness for today and tomorrow;
3. Modernising public administration.

The programme focuses on actions in support of strengthening the framework for tax administrations to efficiently combat fraud and tax evasion, reducing administrative costs and tackling tax obstacles in the Internal Market, in particular in the following areas:

- following-up of the Action Plan to combat tax fraud;
- tackling aggressive tax planning and measures intended to encourage third countries to apply minimum standards of good governance in tax matters;
- dealing with cross-border tax obstacles and double taxation problems;
- setting-up structured discussions in tax policy issues, in particular actions linked to the European Semester;
- enhancing and evaluating administrative cooperation tools and their use in the fight against tax fraud;
- reforming of the Union VAT system;
- reducing burden on businesses.

¹⁴ OJ L347/25, 20.12.2013

2. OBJECTIVES PURSUED AND EXPECTED OUTCOMES FOR 2014

The Fiscalis 2014 Annual Work Programme is implementing the programme's overall and specific objective (Article 6 of the Fiscalis 2020 programme Regulation).

The overall objective of the Fiscalis 2020 programme is to improve the proper functioning of the taxation systems in the internal market by enhancing cooperation between participating countries, their tax authorities and their officials.

The programme's financial support aims to achieve the Fiscalis 2020 specific objective to support the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of Union law in the field of taxation by ensuring exchange of information, by supporting administrative cooperation and, where necessary and appropriate, by enhancing the administrative capacity of participating countries, with a view to assisting in reducing the administrative burden on tax authorities and the compliance costs for taxpayers.

The Annual Work Programme for 2014 consists of several **projects**. These projects are grouped in function of the specific objective area to which they will mainly contribute. Activities under the programme will be organised to support the achievement of the objectives of these projects. The realisation of all activities related to the projects is subject to availability of legal basis, budget and resources. The objectives, the projects and the expected results are the following:

2.1. Support the fight against tax fraud, tax evasion and aggressive tax planning

2.1.1. *Trends and schemes of tax fraud, tax evasion and aggressive tax planning*

International pressure on tax havens and the increased numbers of Tax Information Exchange Agreements are assumed to lead to a reduction in tax haven transactions. However, aggressive tax planning is not restricted to tax haven transactions. Moreover, as tax evasion becomes more sophisticated and capital finds new ways, it is important to continue the efforts to:

- find new methods for selection of tax fraud and tax evasion cases;
- identify new schemes of aggressive tax planning also in relation to third countries and exchange best practices on how to deal with them;
- examine ways to improve access to information on money flows, making it easier to trace significant payments made for example through off-shore bank accounts.

Expected results and activities:

- Union strategy for tax havens and tackling aggressive tax planning is designed;
- Measures for tracing relevant money flows are developed;
- Activities are carried out to support increasing the knowledge and understanding of the tax authorities regarding money flows;

- Experiences in the area are exchanged and forms of cooperation with other tax authorities within and outside the Union, where appropriate, and other law enforcement bodies are identified;
- Various target audiences are informed.

2.1.2. The fight against tax fraud

New tools to fight more efficiently against fraud, such as the Eurofisc, have been set-up at Union level. Increasing the efficiency of these tools aims to reduce tax revenue losses for tax administrations. The use of the tools should be evaluated and enhanced by sharing best practices, exchanging quickly targeted information on fraudulent transactions and traders and acting efficiently upon warnings received from other Member States to improve the fight against tax fraud.

Expected results and activities:

- Activities are carried-out aiming to support increasing the knowledge and understanding of the tax authorities in this field;
- Background information is developed to support possible recommendations for future legislation;
- Activities are carried-out to raise the awareness of tax officials about the tools available;
- Evaluation of Eurofisc and consideration of a possible extension to new working fields, subject to relevant policy decisions;
- Eurofisc system is monitored to analyse whether improvements can be made especially by increasing the security of the system;
- eVAT fraud eLearning module is updated.

2.1.3. Tax compliance and risk management

Improving taxpayer compliance and risk management is an important element of an effective strategy to combat tax fraud and tax evasion. Supporting actions will be carried out aiming to:

- support tax compliance and reduce the tax gap by sharing of good administrative practices in Member States;
- reduce the difficulties that citizens face in fulfilling compliance obligations in cross-border situations by improving communication to citizens and encouraging the sharing of best practices between Member States in this regard;
- reduce costs and complexity of tax systems for both the taxpayers and the tax administrations.

In order to achieve a higher level of compliance risk management in all Member States and to assist Member States to reduce the tax gap, the Commission will further support the risk management platform.

Moreover, exchange of information, and in particular automatic exchange, gives tax administrations valuable information on income received and assets owned by their

taxpayers. This can also be particularly useful for risk analysis purposes and can serve as an incentive to voluntary compliance. Therefore, exchange of information will be further supported.

The Commission will also compile administrative practices in Member States to develop a taxpayers' code setting out best practices for enhancing cooperation, trust and confidence between administrations.

Expected results and activities:

- Permanent communication and information exchange among experts from all participating countries is carried out through the platform for risk management;
- Cooperation between Member States to identify good practice in the area of risk analysis to better target and fight tax fraud.
- Activities will be carried-out to raise the awareness for tax compliance and risk management;
- Tailor-made solutions for individual Member States are worked out to address some newly emerging challenges, when necessary;
- A quick response and sharing best practices among Member States is facilitated;
- Tax payers' code is developed and promoted.

2.1.4. Cooperation between customs and tax (VAT and excise) administrations

The cooperation between tax (VAT and excise) and customs authorities in specific areas of mutual concern should be enhanced in order to fight against tax fraud and to facilitate legitimate trade.

In the Communication on the future of VAT (COM/2011/851), the Commission noted that it "will initiate and facilitate initiatives for a stronger cooperation between tax and customs authorities". In its Communication to the European Parliament and the Council on an action plan to strengthen the fight against tax fraud and tax evasion (COM(2012) 722final), the Commission calls for structured exchanges of information between the tax and customs administrations on the strategies to identify non-compliance. The European Court of Auditors also issued recommendations on the misuse of the customs 4200 procedure.

To support the cooperation between customs and tax administrations it is intended to:

- share best practices and to identify areas where closer cooperation is required;
- support the improvement and sharing of administrative procedures in relation with the cooperation between customs and tax administrations;
- enhance the understanding and implementation of Directive 2008/118/EC, Regulation 389/2012 and the UCC, insofar as they are applicable to movements of excise goods;
- support the efficient exchange of information between administrations where excise goods are subject to customs procedures (export and exit, release for free circulation) by aligning the existing excise IT applications to the changes introduced by the Union Customs Code (UCC);

- develop and reinforce skills and competences of both tax and customs officials.

In support of more uniformity and increased efficiency of customs operations throughout the European Union, the Union Competency Framework for Customs sets out a consensus view of knowledge, skills and behaviours required by Customs professionals in the Union. The need to add the competency description in the related area of VAT and excise will be analysed.

Expected results and activities:

- Fields where cooperation between customs and tax authorities is particularly important for the proper implementation of customs, excise and VAT legislation are identified;
- Best practices related to methods and tools used by Member States to analyse risk in the field of fraud related to VAT/Customs and regarding new trends of fraud in the field of VAT/Customs are identified;
- A series of guidelines to be approved by the Committee on Excise Duty and the Customs Code Committee concerning the application of Union law to excise goods in both areas is developed;
- Proposals for efficient methods to enhance the cooperation between customs and tax administration including information exchange are developed;
- Business process models are provided to describe the processes contained in legislation, to clarify and explain the legal base for excise and customs procedures: specification work on modelling of interface between EMCS and UCC version of Automatic Export System (AES) and national import systems;
- The European Information Systems responsible for the movements of excise goods are updated to coincide with the UCC import specification and the AES;
- VAT and excise related competency requirement is analysed to complete the EU Customs Competency Framework;
- Tax and customs-related eGovernment services are promoted;
- EMCS eLearning modules are updated.

2.2. Support the implementation of union law in the field of taxation by securing exchange of information

2.2.1. European Information systems

2.2.1.1. Development, operation and maintenance of existing European Information Systems (EIS)

The development, operation and maintenance of existing European Information Systems (EIS) should be carried-out to ensure continuity, integrity and availability of the existing IT systems and their corrective maintenance and evolution.

Expected results and activities:

- The continuity, availability and integrity of the EIS systems listed in the Fiscalis 2020 Regulation is supported.
- The evolution of the EIS is carried-out.

2.2.1.2. New European Information Systems

The development, operation, and maintenance of new European Information Systems established under Union legislation should be carried-out.

2.2.1.2.1. Central application across the various taxation domains

The future development and management of the e-forms for exchange of information in the field of VAT, direct taxation and recovery needs to be further enhanced.

The current e-Forms applications in use in the VAT, direct taxation and recovery domains are based on a locally deployed Java application, which implies that each time there is a modification to an e-Form, such e-Form needs to be deployed at national level. This implies heavy national costs and is time-consuming. In view of the recent developments (increasing number and complexity of eForms), the need for another technical solution was assessed and the development of a new central application or IT platform available for all domains (direct taxation, VAT, recovery) identified as a requirement. This will allow modifying e-Forms quickly at Union level upon approval by the Member States and avoiding any national deployment at national level. In addition, such IT platform could be used for other purposes, such as the quick update of the information in country profiles or as a management tool, subject to appropriate legal provisions.

Expected result and activities:

- Central application (or IT platform) is developed and implemented.

2.2.1.3. Horizontal support to the European Information Systems

2.2.1.3.1. Management of IT services supply

The use of standards and best practices, including for the security aspects of the development, deployment and operations of the EIS for taxation, needs to be further supported and enhanced. It is necessary to ensure that an overall quality of the EIS is achieved through maturity improvement; efficient management of projects, timely deliverables and within budget; services delivered according to expectations, within the framework of the TEMPO methodology; fulfilment of the security requirements; the taxation EIS security policy and its articulation with the taxation legal instruments.

Expected results and activities:

- IT systems are delivered on time and in operation according to agreed level of service;
- Business case for security policy and vision document is developed and presented to Member States.

2.2.1.3.2. Taxation IT architecture and governance

Currently, the tax EIS are all too often developed in isolation. Closer collaboration across taxation domains and across Member States is expected to merge requirements and expertise and thereby significantly increase cost-effectiveness of tax EIS. It is necessary to define a governance structure to facilitate cross-domain and cross-Member State system development; to define and maintain the taxation IT architecture to deliver timely IT systems at minimal costs; to facilitate the IT collaboration initiative amongst willing Member States.

Expected results and activities:

- First version of the EIS architecture is developed;
- Processes are defined for EIS governance and costs/benefits methods;

- Analysis of collaboration possibilities for MOSS national components is carried out;
- Activities are organised to support the common work on analysis and design of the European Information Systems based on participation and contributions from MS;
- Activities are organised to support the identification of modules for potential common implementation.

2.3. Support the implementation of union law in the field of taxation by supporting administrative cooperation

2.3.1. Administrative cooperation between Member States

Since 2010, new legal instruments on administrative cooperation and the fight against fraud in the field of direct and indirect taxes have been adopted (Council Regulation (EU) 904/2010¹⁵, Council Directive 2011/16/EU¹⁶, Council Regulation (EU) 389/2012¹⁷). The Commission is assisting Member States in their efforts by providing them with the practical tools and instruments they need to engage in effective administrative cooperation (for example electronic formats for exchange of information and secure channels of communication). The effective and comprehensive use by Member States of these tools is still to be evaluated and enhanced.

The administrative cooperation between Member States has to be further supported and enhanced by reinforcing skills and competences of tax officials, supporting the improvement of administrative procedures and sharing of good administrative practices, enhancing the understanding and implementation of Union law in the area, or, for example, by improving the use of existing instruments for exchange of information and develop new ones according to the legislation or promoting the most effective use of practical IT tools.

Automatic information exchange between tax authorities is a powerful tool in tackling and deterring tax evasion. The Commission has developed computerised formats for savings income and is currently developing new formats for income covered by Directive 2011/16 in order to implement secure and enhanced automatic exchange of information within the Union.

To ensure that information exchanged can be used effectively, it is essential to improve the identification of taxpayers. The experience of Member States shows that when a Tax Identification Number (TIN) for direct taxes is available, the information can be used more efficiently avoiding the need to use additional methods, means and time for identification of the taxpayer.

¹⁵ Council Regulation (EU) No 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax (recast) (OJ L 268/1, 12.10.2012)

¹⁶ Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC (OJ L 64/1, 11.3.2012)

¹⁷ Council Regulation (EU) No 389/2012 of 2 May 2012 on administrative cooperation in the field of excise duties and repealing Regulation (EC) No 2073/2004 (OJ L 121/1, 8.5.2012)

Expected results and activities:

- Evaluation reports are issued;
- Activities are carried-out to support the functioning of the liaison officers networks;
- Activities are carried-out aiming to support enhancing the knowledge and understanding of Union legislation in this field;
- eFDT eLearning module is updated and localisation is performed;
- Background information is developed to support possible recommendations in legislation;
- Recommendations for improvement are identified;
- Activities are carried-out to enhance the exchange of information:
 - o New e-forms for the exchange of information on request, spontaneous, feed-back and automatic between Member States, including a new e-Form for notification of instruments and decisions are developed; training is delivered;
 - o Standardised IT formats are developed covering a wide scope of income and other items, including the addition of new languages of third countries in the eFDT application, subject to appropriate legal provisions;
 - o The use of automatic exchange of information is promoted;
 - o Computerised formats for automatic exchange of information are developed as provided for in Council Directive 2011/16/EU and the proposal for the extension of its scope;
 - o Activities are carried-out to support the improvement of the quality of the exchanged data for example by further investigating the creation of an EU TIN as well as the analysis of any alternative solution:
 - EU TIN study is finalised;
 - The information on the EC web site concerning Tax Identification Number (TIN) on TIN on Europa application is updated;
 - Various target audiences are informed about the TIN.
 - o Country profiles are developed in an increased number of languages and are included in an online tool subject to appropriate legal provisions;
 - o Consider necessary modifications to allow batch requests from business to check VAT numbers.
- New application for online transmission of statistical data is developed: online collection and design of a web application to collect and publish the statistics related to Council Regulation (EU) 904/2010;

2.3.2. Administrative cooperation with third countries

The new administrative tools provided for by Council Regulation (EU) 904/2010, Council Directive 2010/24/EU¹⁸ and Council Directive 2011/16/EU have the potential to facilitate cross-border anti-fraud measures with respect to third countries. This should also be achieved through bilateral agreements on administrative cooperation

¹⁸

Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures (OJ L 84/1, 31.3.2010)

with certain third countries. It is necessary to clarify what legal and technical (administrative) measures are necessary to move in this direction in order to facilitate the fight against fiscal fraud in the field of cross-border transactions involving third countries.

Expected results and activities:

- Preparatory work is undertaken in view of concluding bilateral agreements with third countries, if the Council has authorized the Commission to open negotiations;
- Activities are carried-out to support the implementation of multilateral cooperation and of the tools for administrative cooperation that are available within the Union in relation with the third countries, especially the electronic services, subject to appropriate legal provisions;
- CCN network is opened to third countries and organisations, subject to appropriate legal provisions.

2.3.3. *Administrative cooperation matters of Council Directive 2003/48/EC¹⁹ - Savings Directive*

The ultimate aim of the Directive is to enable savings income in the form of interest payments made in one Member State to beneficial owners who are individuals resident for tax purposes in another Member State to be made subject to effective taxation in accordance with the laws of their state of residence. It is necessary to support the implementation of the practical mechanisms of administrative cooperation in relation to the Savings Directive and of the amendments to this Directive which are foreseen for adoption by end 2013 and to analyse the evolution of such mechanisms with a view to their further development. The third review of the Directive will take place in 2014 and, in this context, it is necessary to provide input into the 2014 review of the Directive, in particular regarding any measures which could better ensure the more effective taxation of savings income and new methods of information exchange.

Expected results and activities:

- Analysis of the existing practical mechanisms for administrative cooperation is performed when applying the Savings Directive and suggestions for further development are made;
- Background information is produced to support the implementation of the amendments to the Savings Directive and, where appropriate, to assist the development of possible recommendations for future legislation;
- The format used for exchanging information automatically between Member States is reviewed: development, testing, support and monitoring for the deployment of FISC 153 form;
- The migration from CCN-Mail2 to CCN/CSI is performed.

¹⁹

Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (OJ L 154/38, 26.6.2003)

2.3.4. *Multilateral controls (MLC)*

The use of the MLC tool and its operation has to be enhanced by identifying and disseminating good practice in the organisation of MLCs, also in the field of direct taxes and excise duties, through better project management techniques, improved communication and enhanced use of risk criteria and success indicators.

A separate subgroup of the MLC platform was set up for training in order to enhance the knowledge of the tool to local auditors.

Expected results and activities:

- Activities are carried-out to support and enhance the use and functioning of the tool; training is provided by the training subgroup in the Member States;
- Activities are carried-out to support the following-up of the recommendations raised in the final reports of the MLCs.

2.3.5. *Mutual recovery assistance*

Since 1.January 2012, Member States apply Council Directive 2010/24/EU for mutual recovery assistance. As recovery of taxes is a corner stone of the fight against fraud, the use of this new legal instrument should be evaluated and enhanced. It is necessary to check whether the new legislation meets the needs of tax authorities to request/provide efficient and effective recovery assistance; to determine whether legislative amendments are needed or whether new legislative initiatives can be taken to improve this assistance; to enhance mutual recovery assistance for example by:

- o improving the use of existing instruments for exchange of information and develop new ones according to the legislation;
- o promoting the most effective use of practical IT tools.

Expected results and activities:

- Evaluation report is issued;
- Activities are carried-out to support improving the understanding and implementation of Union law in the area of mutual recovery assistance;
- Legislation gaps are identified and background information is produced to support possible recommendations for future legislation;
- A tool for automatic exchange of information is developed;
- The request forms are updated and a tool for statistics reporting is developed.

2.3.6. *National tax collection and recovery*

Examining national tax collection and recovery legislation and practices in order to find best practices could be useful for other Member States. It is needed to share best practices to facilitate the dissemination of practice-proven national methods applied in particular Member States and to identify best practices for national tax collection methods.

Expected results and activities:

- Activities are carried-out to raise the awareness about enforcement possibilities;
- Activities are carried-out to support the reinforcement of skills and competences of tax officials;
- Good administrative practices in the area of tax collection and recovery are shared.

2.4. Support the implementation of union law by enhancing administrative capacity of participating countries with a view to assisting in reducing administrative burden of tax authorities and compliance costs for taxpayers

2.4.1. Technical assistance to tax administrations

In the last years, the Commission has been involved in several technical assistance missions (TA) to Union Member States and non-Union countries to support the capacity of tax revenue administrations, to increase the efficiency and effectiveness of tax administrations in collecting revenue and to support the improvement of administrative procedures and sharing of good administrative practice. TA can cover tax policy, tax administration and legal questions. TA on tax administration is focussed on the internal organisation of the revenue administration, the implementation of tax legislation and procedural aspects of collecting taxes. It merely aims to assist countries in improving the effectiveness of their tax administration and to increase tax compliance.

In the context of the reviews of the Economic Adjustment Programs and the European semester, the Commission is providing TA on tax administration in programme countries. Also, specific support to pool best practice can be provided to deal with the recommendations on revenue administration addressed to one or several Member States.

Expected results and activities:

- In the countries identified in the context of the Economic Adjustment Programs and the European Semester in tax policy, tax administration and legal questions:
 - o Administrative procedures and practices are shared;
 - o Activities are carried-out to support the reinforcement of skills and competences of tax officials.

2.4.2. Cooperation and sharing best practices on taxation issues in enlargement countries and among the Member States on regional level

In order to support enlargement countries on the alignment process to the acquis and the fight against tax evasion and reinforce their capacities in the tax area, the Commission will encourage and support best practices and administrative capacity building in the tax area for these countries.

Striving to reach close collaboration in the tax area within certain Union regions (divided by the integration level, practical development level, relevant problems

encountered etc.) and reinforce their capacities, the Commission may encourage and support best practices and administrative capacity building in the tax area for these countries in need.

Expected results and activities:

- Activities are carried out to support the alignment to the Union excise legislative framework and to familiarize enlargement countries with the planning and implementation of the excise legislation;
- Activities are carried-out to support the improvement of the understanding and the application of certain best practices on tax issues such as Transfer pricing in enlargement countries and on Union regional level.

2.4.3. *e-Audit capacity of the Participating Countries*

The administrative capacity of the Member States should be supported by encouraging and supporting the use of electronic audit techniques in the participating countries. It is intended to provide a permanent communication and exchange platform for the development of common approaches towards e- auditing.

Expected results and activities:

- A quick response and sharing of best practices among Member States to address the newly emerging challenges in the field of e-audit are facilitated.

2.4.4. *Tax payer information*

The Commission, where possible, will extend the access to reliable tax information in cross-border situations for businesses as well as individuals. This project will be realised through a step-by-step approach, in the framework of the EU VAT Web portal and/or national VAT web sites with priority being given to VAT. For the realisation of the project it is needed to share good practice of national information web sites with a view to improve the links between the EU web portal and member states' national web sites.

A next step will consist in integrating other tax aspects and in particular direct taxation. It is intended to open the EU web portal, similarly to the e-Justice network, to Member States that want to publish other information (such as tax rates).

The "Taxation trends in the EU" report contains a detailed statistical and economic analysis of the tax systems of the Member States of the European Union, plus Iceland and Norway. It is important to further ensure and support the publication of the report.

Expected results and activities:

- Best practices and recommendations are exchanged for the improvement of the EU and national VAT web sites;
- The development of the EU VAT web portal is started including Tax Information Communication (TIC) (additional electronic coded information with regard to VAT refunds, the VAT rate applicable for electronically

supplied services, supplies of telecommunication services and broadcasting services);

- An extension of the EU VAT web portal will be analysed in relation to other taxes (direct taxation, recovery) and possibly developed;
- The software to support the publication of the “Taxation Trends in EU” report is updated;
- Activities are carried-out to raise the awareness of the target audience on the availability of the information.

2.4.5. Cross-border taxation problems within the Union

It is necessary to establish initiatives under the programme to assist in the identification of ways to resolve the cross-border tax problems such as double taxation and the absence of information that Union citizens often face when active across borders within the Union. The aim is to remove tax disincentives to the exercise by EU citizens of the right to free movement within the internal market.

This could be done, for example, by encouraging Member States to share and adopt best practices in dealing with cross-border tax problems (such as one-stop shops, simpler or pre-completed tax declarations, double taxation dispute resolution mechanisms and comprehensive and easily accessible information on national websites). It could also assist EU citizens greatly if information on the Europa website was developed, in consultation with Member States, to complement information on national websites.

Expected results and activities:

- Solutions are proposed to deal with tax problems, including transfer pricing, that Union citizens active across borders within the Union are facing;
- The information on Europa website is updated.

2.4.6. Withholding tax relief procedures

A feasibility study was launched by the Commission in September 2011 to assess the pros and cons of a system of claiming relief at source from withholding taxes that would be coupled with a system of reporting information to source and residence countries. The Commission intends now to discuss with the Member States the outcome of the study and its possible follow-up in order to assess how to achieve results.

On the basis of a possible Commission initiative (legislative or not legislative) the final intended aim is to:

- streamline procedures for claiming withholding tax relief on cross-border securities income, by allowing financial institutions to claim relief on behalf of investors, so as to make life easier for investors and provide a business opportunity for financial institutions;

- ensure that the system envisaged has no negative impact on taxpayers' compliance in the source Member State and in the residence Member State by imposing corresponding reporting obligations on financial institutions;
- ensure that the system of reporting by financial institutions is cost effective and does not duplicate other reporting systems.

Expected results and activities:

- Best practices are exchanged;
- Preparatory work is carried-out with a view to assess the need/opportunity to develop an Union standardised relief at source system coupled with information reporting/exchange between financial institutions and tax authorities. This would include assessing how any information reporting system to be used by financial institutions could interact with and capitalise on existing and planned IT reporting systems. It could also, if necessary and subject to the fulfilment of all legal requirements, include implementing a new IT reporting system.

2.5. Support the implementation of union law

2.5.1. Implementation of Council Directive 2008/9/EC²⁰ – VAT refund rules

Council Directive 2008/9/EC introduced a new electronic procedure for cross-border VAT refunds. The directive entered into force in 2010 but numerous difficulties appeared in practice, mainly due to divergent interpretations or inconsistent implementation in the different Member States. Possible solutions were identified encompassing legal, practical or IT aspects. However, not all agreed recommendations have been implemented yet.

The project consists in coordinating, reporting and monitoring the changes of the national systems to implement the modifications agreed, for the Member States not having finished it yet.

It has the aim to improve the practical functioning of the VAT cross-border refund procedure.

Expected results and activities:

- Support is provided for the national systems to be in production and operational according to the Member States national plans.

2.5.2. Implementation of actions under the Union VAT Strategy

The Union VAT strategy sets out long term objectives guiding all future work on VAT and several priority areas for further action in the coming years. It is important to achieve the objective of improving the Union VAT system by supporting the actions

²⁰

Council Directive 2008/9/EC of 12 February 2008 laying down detailed rules for the refund of value added tax, provided for in Directive 2006/112/EC, to taxable persons not established in the Member State of refund but established in another Member State (OJ 44/23, 20.2.2008).

envisaged under the Union VAT Strategy. It is also needed to provide for a dialogue between Member States and stakeholders on each of the actions pursued with a view to implement the Union VAT Strategy.

Expected results and activities:

- Activities are carried out to support the actions under the Union VAT strategy;
- Background information is produced to use as input for the impact assessment for the proposal on the destination principle.

2.5.3. *Consistent implementation of Union VAT Law*

The EC intends to further support a consistent understanding and implementation of the Union VAT Law, including case law (i.e VAT Directive and its implementing provisions and Court of Justice of the European Union's decisions).

There is also a genuine need to address in a systematic way all conflicts of law due to national divergences in the interpretation of the place of supply rules and to provide for a dialogue between Member States and stakeholders on Union VAT Law implementation and evolution. This is notably the case for the TBES (telecoms, broadcasting and e-services) but also for other areas like taxation of services connected with immovable property or any other emerging area.

Expected results and activities:

- Activities are carried-out aiming to support enhancing the understanding and implementation of Union law;
- Conflicts of law caused by differences between Member States in the assessment of facts are addressed;
- Activities are carried-out to support the convergence between Member States in their understanding of the place of supply rules, notably services connected with immovable property;
- The eVAT 2.1 eLearning module is updated;
- Various target audiences are informed.

2.5.4. *Mini-One Stop Shop*

From 1 January 2015, the place of taxation of all supplies of telecommunications, broadcasting or electronic services to final consumers in the Union will be the place where the consumer is established. The change will be accompanied by the introduction of an electronic mechanism; the VAT mini-one-stop-shop (MOSS).

In order for the system to operate properly, Member States will be required to build their web portals in line with the functional and technical specifications as developed by the Commission.

In order to support the consistent implementation framework of the Union (primary and secondary) legislation in the area of the MOSS it is necessary to ensure a better understanding of the various legal provisions as well as of the technical development and operation of the MOSS system.

It is also important to set up a common framework for obtaining information from traders using this scheme and to coordinate the controls of the system and exchange of information between the tax administrations and with the taxpayers.

Expected results and activities:

- The MOSS is implemented and operational by 1 January 2015; operational portal as from 1.October 2014;
- A template standard audit file to be used in the MOSS scheme is developed. The standard template is used to exchange data between taxable persons and Member States of consumption/identification;
- Methods are defined to establish contacts with taxable persons and deliver the information to Member States;
- Best practises for administrative cooperation in the field of carrying out audits and exchanging information are defined and exchanged, with the aim of minimising the administrative burden for both tax administrations and taxable persons;
- Various target audiences are informed.

2.5.5. *Collection methods in the framework of the Financial Transaction Tax (FTT) implementation*

In order to support the on-going work on the financial transaction tax, the European Commission will initiate discussions with administrations and markets representatives to discuss collection methods and the FTT practical implementation. For the system to operate properly, Member States will be required to coordinate their collection methods both inside the enhanced cooperation area and outside. The EC intends to support the implementation of the Directive on FTT by sharing administrative practices and solutions in view of collection methods and coordination and to support the harmonisation of the financial transaction tax in the Union inside the enhanced cooperation area.

Expected results and activities:

- Activities are carried-out to increase the understanding of collection methods and identify practical possibilities for coordination;
- Various target audiences are informed in line with the developments in the area.

2.5.6. *Implementation of Council Directive 92/83/EEC²¹ - Structures of excise duties on alcohol and alcoholic beverages*

Denatured alcohol is exempt from excise duty when it is denatured in accordance with the Article 27 (1) (a) and (b) of Council Directive 92/83/EEC. Harmonization and clarification is needed in this area to both reduce the opportunities for fraud, and also lessen the administrative burden for both Member States and the legitimate economic operators. There are still too many national completely denatured alcohol (CDA)

²¹ Council Directive 92/83/EEC of 19 October 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages (OJ L 316, 31.10.1992)

formulations in existence, some having very weak / easy to remove components. For the partially denatured alcohol (PDA), the industry is very diverse with multi-sectors with differing needs and concerns to be addressed. It is therefore important to scope, identify and analyse the existing denaturing formulations with the objective of removing as many of the weaker formulations as possible.

Expected results and activities:

- Further recommendations within the annex to Commission Regulation 162/2013 to reduce the number of existing formulations are elaborated;
- A series of guidelines to be approved by the Committee on Excise Duty concerning the application of Union law in this area to excise goods is developed;
- A Standard Operating Procedure (SOP) is developed;
- Investigation on the extension of EMCS to cover certain movements of PDA goods is performed.

2.5.7. *Implementation of Council Directive 2008/118/EC²² – General arrangements for excise duties*

Excise goods that are moved from one Member State to other Member States are subject to different national procedures and differing interpretations of Union law. A consistent implementation of Union law in this area is needed, both in the interests of trade facilitation and to assist Member States to ensure the compliance of traders with the law. It is therefore necessary to:

- enhance the understanding and implementation of Articles 10, 12, 13 and 33 - 38 of Council Directive 2008/118/EC;
- examine the function of Regulation (EEC) 3649/92, and Regulation (EEC) 31/96;
- support the improvement of administrative procedures and the sharing of good administrative practices for duty paid B2B and B2C movements, for the management of exempt consignees and for the handling of irregularities;
- implement, improve, operate and support the European Information Systems responsible for the monitoring of excise goods under these arrangements and for the collection of statistics relating to excise movements.

Currently, the excise duty rates are collected twice a year by using track changes in the word document. This can be replaced by the central collection and publication of data by the Commission – automation of the collection of main excise duty rates.

Expected results and activities:

- A series of guidelines to be approved by the Committee on Excise Duty concerning the application of Union law in this area to excise goods is developed;

²²

Council Directive 2008/118/EC of 16 December 2008 concerning the general arrangements for excise duty and repealing Directive 92/12/EEC (OJ L 9/12, 14.1.2009)

- EMCS IT developments related to the implementation of Articles 10, 12, 13, 33 to 35 of Council Directive 2008/118/EC and implementing provision to replace Regulation 31/96 are implemented;
- EMCS Statistics – the CS/MISE statistics and reporting system are updated;
- Business process models are defined describing the processes contained in legislation in order to clarify and explain the legal base for excise;
- A database is developed for collecting excise duty rates with a possibility to generate and export summary document;
- The report on the functioning of the Horizontal Directive is prepared and promoted.

2.5.8. *Implementation of the Council Directive 2011/64/EU²³ – Tobacco tax Directive*

In order to support the preparation of a potential future revision of the tobacco tax directive (Council Directive 2011/64/EU) as well as the further development of the related impact assessment, several areas should be further discussed:

- Anti-forestalling measures;
- National minimum excise duty (MED) and interpretation of Art. 7(4) and 8(6) of Council Directive 2011/64/EU;
- The results of the "Study on the measuring and reducing of administrative costs and obtaining a higher level of compliance and security in imposing excise duties on tobacco products"
- Classification of (new) tobacco products;
- Tax treatment of dried ice expanded tobacco (DIET);
- The possible use of tracking and tracing systems proposed in the proposal for a Tobacco Product Directive.

It is necessary to evaluate the means aimed at reducing administrative costs and obtaining a higher level of compliance and security in imposing excise duties on tobacco products.

Expected results and activities:

- Activities are carried-out aiming to increase the understanding among the participating countries of the Council Directive 2011/64/EU and its implementation;
- Background input is produced for the directive's revision based on the best practices for the anti-forestalling measures, MED, classification of (new) tobacco products and DIET;
- Various target audiences are informed on the legal developments in the area.

2.5.9. *Implementation of Council Directive 2003/96/EC²⁴ – Energy taxation directive*

In order to follow up the correct implementation of the Energy Taxation Directive (ETD) and increase its understanding in the Member States, it is necessary to ensure

²³ Council Directive 2011/64/EU of 21 June 2011 on the structure and rates of excise duty applied to manufactured tobacco (codification) (OJ L 176/24, 5.7.2011)

²⁴ Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity (OJ L283/51, 31.10.2003)

effective exchange of experience and know how in the area of energy taxation, especially tax exemptions/tax reductions and proper classification for certain energy products.

Expected results and activities:

- Activities are carried out aiming to improve the knowledge and understanding for certain provisions of the ETD, and how the Directive can be adapted in future to global economic and energy changes;
- Activities are carried-out aiming to improve the knowledge regarding the practical application by the Member States of certain provisions of the ETD;
- Various target audiences are informed.

3. BUDGETARY IMPLEMENTATION: FISCALIS 2020 (BUDGET LINE 140301)

The total 2014 indicative amount for the budget line is EUR 30 777 000²⁵.

The operations are divided into the following groups of eligible actions:

- European Information Systems building: total amount foreseen: EUR 23 477 000;
- Joint actions: total amount foreseen: EUR 6 300 000;
- Common training activities: EUR 1 000 000.

3.1. Eligible actions

3.1.1. *European information systems building*

European Information Systems building: the development, maintenance, operation, and quality control of Union components of the European Information Systems with a view to ensure interconnecting tax authorities:

Total indicative amount is EUR 23 477 000 and is divided as follows:

- CCN/CSI development (Common Systems Interface): EUR 5 600 000;
- Fiscalis Development: EUR 4 500 000;
- Fiscalis Support: EUR 10 577 000;
- Quality control for all taxation IT systems: EUR 2 800 000.

3.1.2. *Joint actions*

Types of joint actions: seminars, workshops, project groups, bilateral and multilateral controls, working visits, expert teams, public administration capacity building and supporting actions, studies and communication projects and any other activity in support of the overall, specific and operational objectives carried out by national administrations or the Commission in accordance with Article 7 of the Fiscalis 2020 Regulation.

Total indicative amount of the joint actions is EUR 6 300 000 and is divided as follows:

- Total indicative amount of the grant: EUR 4 425 000
- Total indicative amount for public procurement: EUR 1 800 000.
- Total indicative amount for reimbursement of external experts: EUR 75 000²⁶.

²⁵ The total amount of appropriations may be higher when using foreseen financial contributions from candidate and potential candidate countries participating in Fiscalis 2020 programme. The estimated amount for 2014 is EUR 220 000

²⁶ The reimbursement of travel and living expenses of experts invited by the Commission to the joint actions in accordance with Article 4 of Fiscalis 2020 Regulation.

3.1.3. *Common training activities*

Common training activities: the development and maintenance of training modules and where appropriate, the supply of the necessary infrastructure and tools for common e-learning in the field of taxation.

Total indicative amount: EUR 1 000 000.

3.2. **Operational implementation requirements**

The Commission will assess the performance of the programme management regularly, as follows:

- internally, based on the programme management related indicators set-out in the programme performance measurement framework, and
- externally, during the programme mid-term and final evaluation exercises, carried-out under Article 17 of the Fiscalis 2020 Regulation.

The Commission will assess the proposed activities to be organised under the programme on the basis of the following operational implementation requirements:

Nature of activity

The proposed activities must be part of the activities provided for by Article 7 of Fiscalis 2020 Regulation.

Relevance

In terms of relevance, the proposed activities must be of value added to the tax policy as outlined at Union level and have an impact towards achieving the overall objective of the programme. They must also be complementary to past, present and future activities set up in the field. Moreover, the proposed activities must have an European dimension in that their expected outcomes should be beneficial to all participating countries or to at least two participating countries where the subject area is more targeted.

Conformity

Activities must match the projects listed in this document and in the relevant Union strategic documents and/or action plans. Activities must demonstrate that their objectives reflect clearly identified need for action according to the Union's policy priorities in the field of taxation and their European added value.

Quality

The Commission will assess the proposed activities with regard to:

- their organisation, presentation, methodology, expertise, expected results and envisaged dissemination of the outcomes and
- the appropriateness of the activity to attain the desired results.

Value for money

The Commission will assess the amount of requested financial support in terms of:

- its appropriateness as to the expected results;
- the availability of budgetary resources and
- overall cost effectiveness and value for money.

3.3. Information concerning grants for Fiscalis 2020 (budget line 140301)

The total indicative amount of the grant is EUR 4,425,000. The grant will be carried out by means of a grant agreement for an action with multiple beneficiaries.

Under Article 190(1)(d) of the Rules of Application, grants may be awarded without a call for proposals to bodies identified by a basic act, within the meaning of Article 54 of the Regulation (EU, Euratom) No 966/2012, as beneficiaries of a grant.

The grant is expected to be awarded in the 1st or 2nd quarter of 2014.

The grant is awarded on the basis of the following criteria:

Eligibility criteria

- Under Article 3 of Fiscalis 2020 Regulation, the beneficiaries of the grants will be the tax administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3 (2) of Fiscalis 2020 Regulation.
- The proposed activities must be part of the eligible actions listed in Article 7 of Fiscalis 2020 Regulation, except the activities listed in:
 - Article 7(a)(v, vii, viii) meaning: expert teams, studies, communication projects,
 - Article 7(b) meaning European Information Systems and,
 - Article 7(c) meaning common training activities.

Selection criteria

Under Article 131.3 of the revised Financial Regulation, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public administrations.

Award criteria

- The grant will be awarded based on its relevance and cost-efficiency for achieving the objectives and expected results of the projects listed in this document.

Description of the grant

The grant will take the form of a combination of:

- Reimbursement of up of the following eligible costs actually incurred by the beneficiaries for the following items:
 - a) travel costs of their delegates up to 100%;
 - b) accommodation costs of their delegates up to 100%, up to a maximum of a given amount pre-defined per country;
 - c) costs linked to the organization of events in the framework of a given joint action up to 100%
 - d) direct staff costs, up to 50%, for officials participating as expert in eligible action under Article 7(a) vi), "public administration capacity-building and supporting actions", of the Fiscalis 2020 Regulation.

- Reimbursement on the basis of unit costs for daily allowances for national delegates.

The amounts to be used for (b) and the second bullet point above are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission in force at the moment of the signature of the grant agreement. Both lists of rates shall be annexed to the grant agreement.

Moreover, the national administrations put their financial and human resources at the disposal of both the organization and the participation in the above-mentioned events. The corresponding administrative expenditure, staff and equipment costs, including the salary costs are covered by national administrations, in compliance with the co-financing principle. However, partial reimbursement of direct staff costs can apply for eligible actions under Article 7 (a), vi) of the Fiscalis 2020 Regulation.

3.4. Information concerning public procurement for Fiscalis 2020 (budget line 140301)

Information about contracts to be signed under 2014 appropriations

The eligible actions may be carried out by means of service procurement contracts.

To this end, it is estimated to sign about 40 specific contracts for the total indicative amount of EUR 26 277 000²⁷ under existing or new multi-annual framework contracts.

Information on new tender procedures for the year 2014

One new tender procedure expected to be launched in 2014 in view of concluding multi-annual framework contract:

- Provision of IT service linked to IFPUG (International Function Point Users' Group) methodology, mainly benchmarking of developments using IFPUG methodology and corresponding training and certification. Estimated publication

²⁷

The specific contracts are usually shared with budget line 14.0201 Customs 2020 (see 3.4. in annex I). Thereby the actual value of the specific contracts will be higher.

of the procurement procedure: 1st quarter of 2014. The budget for this contract will be divided between the programmes Customs 2020 and Fiscalis 2020 (estimated ratio 60% Customs 2020, 40% Fiscalis 2020). The indicative amount of the framework contract will be EUR 400 000 with a maximum duration of 4 years.